

Message Text

PAGE 01 NATO 05794 01 OF 03 300026Z

70

ACTION EUR-25

INFO OCT-01 NEA-10 ISO-00 CIAE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

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FM USMISSION NATO

TO SECSTATE WASHDC 2964

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INFO ALL NATO CAPITALS 3494

AMEMBASSY ATHENS

USNMR SHAPE

USCINCEUR

C O N F I D E N T I A L SECTION 1 OF 3 USNATO 5794

E.O. 11652: GDS, 12-31-79

TAGS: MCAP, NATO

SUBJECT: NOVEMBER 29 BURDENSARING STATEMENT IN NAC

THIS TRANSMITS THE TEXT OF THE STATEMENT ON BURDENSARING GIVEN
IN THE NAC NOVEMBER 29 BY AMBASSADOR RUMSFELD.

BEGIN TEXT

THE UNITED STATES HAS BEEN ASKED, ON A NUMBER OF OCCASIONS,
BY MEMBERS OF THE CONCIL TO PROVIDE AN INDICATION OF POSSIBLE
BURDENSARING APPROACHES WHICH MIGHT FULFILL U.S. REQUIREMENTS
AND, MORE RECENTLY, MEET THE PROVISIONS OF THE JACKSON-NUNN
AMENDMENT, WHICH IS NO U.S. LAW. TOWARD THIS END, I AM TODAY
PRESENTING SOME ILLUSTRATIVE EXAMPLES WHICH FALL WITHIN THE
CONTEXT OF THE OPTIONS PROPOSED BY THE NATO STUDY GROUP.

FIRST, LET ME REITERATE THAT WHAT THE U.S. NEEDS TO COMPLY
WITH ITS NEW LAW IS AN OVERALL AMOUNT. THEREFORE, IN PROVIDING
ILLUSTRATIVE EXAMPLES OF HOW THAT OVERALL AMOUNT MIGHT BE
CONFIDENTIAL

PAGE 02 NATO 05794 01 OF 03 300026Z

ACHIEVED, IT SHOULD BE EMPHASIZED THAT THERE ARE A NUMBER OF WAYS
TO DO IT, AND THAT ANY EXAMPLES PROVIDED ARE MERELY THAT--
EXAMPLES. FURTHER, ANY EXAMPLE MUST BE BASED ON SOME ASSUMPTIONS
WHICH MAY OR MAY NOT BE ACCURATE. IF ONE BEGINS WITH ONE

ASSUMPTION, AND BASES ILLUSTRATIVE EXAMPLES ON THAT ASSUMPTION, AND THE ASSUMPTION PROVES NOT VALID BY SOME AMOUNT, THEN, OF COURSE, THE EXAMPLES SET FORTH ARE AFFECTED, AND WOULD HAVE TO BE ADJUSTED UP OR DOWN ACCORDINGLY. THEREFORE, THE EXAMPLES MUST BE SEEN IN THAT LIGHT OR THEY MIGHT ADD CONFUSION RATHER THAN SHED NEW LIGHT.

BURDENSARING ILLUSTRATION

IF ONE ASSUMES THAT THE RELEVANT PROJECTED U.S. DEFENSE EXPENDITURES IN FISCAL YEAR 1974 OF \$2.5 BILLION WILL BE PARTLY OFFSET BY A US-FRG OFFSET AGREEMENT, AND IF FOR THE SAKE OF THIS EXAMPLE WE MAKE THE ASSUMPTION THAT THAT AMOUNT WILL EQUAL A 100 PERCENT US-FRG OFFSET OR \$1.6 BILLION, THEN THE U.S. NEEDS TO OFFSET THE REMAINING \$900 MILLION IN FISCAL YEAR 1974 IN SOME OTHER WAY. OF COURSE, IF EITHER THE PROJECTION OR THE FRG OFFSET IS MORE OR LESS, THEN THE \$900 MILLION FIGURE WOULD BE HIGHER OR LOWER ACCORDINGLY.

HOWEVER, BASED ON THOSE TWO ASSUMPTIONS, FOR THE SAKE OF EXAMPLE, ONE POSSIBLE ILLUSTRATION MIGHT INCLUDE:

(A) INCREASED MILITARY PROCUREMENT PAYMENTS BY THE ALLIES OF \$206.8 MILLION, OVER THE CURRENTLY PROJECTED FISCAL YEAR 1974 LEVEL OF \$543.2 MILLION (INCLUDING COMMERCIAL MILITARY SALES); AND

(B) ALLIED ASSUMPTION OF \$150 MILLION IN SPECIFIC U.S. BUDGETARY COSTS IN EUROPE, INCLUDING BUDGETED CONSTRUCTION AND BASE OPERATION.

A MORE DETAILED DEVELOPMENT OF THIS ILLUSTRATIVE EXAMPLE MIGHT BE AS FOLLOWS:

(A) MILITARY PROCUREMENT PAYMENTS. THE TABLE THAT FOLLOWS REFLECTS ESTIMATED FISCAL YEAR 1974 PROCUREMENT PAYMENTS THROUGH GOVERNMENT CHANNELS (CASES ACCEPTED BEFORE 24 OCTOBER 1973).
CONFIDENTIAL

PAGE 03 NATO 05794 01 OF 03 300026Z

1973) AND ASSUMES ALLIED FISCAL YEAR 1974 PROCUREMENT PAYMENTS THROUGH COMMERCIAL CHANNELS EQUAL TO THAT REPORTED BY THEM FOR CALENDAR YEAR 1972. IT ASSUMES A NEW FISCAL YEAR 1974 PROCUREMENT PAYMENT TARGET OF \$750 MILLION, AND, FOR ILLUSTRATIVE PURPOSES, USED THE NATO INFRASTRUCTURE FORMULA (LESS US, FRG, AND CANADA) AS A BASIS FOR DISTRIBUTING THE INCREASED PAYMENTS PER NATION WHICH WOULD BE REQUIRED IN THIS ILLUSTRATION TO REACH THE NEW TARGET. THIS METHOD IS USED SIMPLY BECAUSE THE NATO INFRASTRUCTURE FORMULA HAS BEEN ACCEPTED AS ONE EQUITABLE METHOD OF COST SHARING. THE INCREASED PERCENTAGES PER COUNTRY TO ABSORB THOSE COSTS NORMALLY ALLOTTED TO THE US, FRG, AND CANADA WERE DISTRIBUTED ON A JUDGMENT BASIS. CANADA WAS EXCLUDED BECAUSE PROCUREMENT BY THAT COUNTRY HAS NO EFFECT ON OUR BOP POSITION

WITH NATO EUROPE, AND DOES NOT APPEAR AT PRESENT TO BE COUNTABLE
FOR THE PURPOSES OF THE JACKSON-NUNN AMENDMENT.

CONFIDENTIAL

PAGE 01 NATO 05794 02 OF 03 011605Z

45

ACTION EUR-25

INFO OCT-01 NEA-10 ISO-00 CIAE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 TRSE-00 SAJ-01 EB-11 AEC-11

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FM USMISSION NATO

TO SECSTATE WASHDC 2965

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INFO ALL NATO CAPITALS

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C O N F I D E N T I A L SECTION 2 OF 3 USNATO 5794

C O R R E C T E D C O P Y (TEXT)

(\$ MILLION)

COM- TOTAL INCREASED TARGET
MERICAL CURRENT PROCURE-
MENT
PAYMENTS

COUNTRY FMS (CY 72) FY 74 FY 74 FY74

BELGIUM/LUX 6.9 39.1 46.0 27.5 73.5

DENMARK 20.6 13.0 33.6 18.3 51.9

FRANCE 5.2 14.0 19.2 5.8 25.0

GREECE 28.2 12.2 40.4 5.0 45.4

ICELAND .2 1.9 2.1 .0 2.1

ITALY 54.5 37.6 92.1 39.2 131.3

NETHERLANDS 33.1 27.6 60.7 25.1 85.8

NORWAY 22.4 10.7 33.1 15.5 48.6

PORTGUAL 1.3 1.0 2.3 1.8 4.1

CONFIDENTIAL

PAGE 02 NATO 05794 02 OF 03 011605Z

TURKEY 9.8 2.0 11.8 6.4 18.2

UK	172.3	29.6	201.9	62.2	264.1
TOTAL	354.5	188.7	543.2	206.8	750.0

ESTIMATES FROM VARIOUS SOURCES, INCLUDING STATEMENTS MADE IN THE COUNCIL IN RECENT WEEKS, INDICATE THAT THE ILLUSTRATIVE TARGET OF (750 MILLION USED IN THIS EXAMPLE IS NOT AN UNREALISTIC ONE. IT WOULD REMAIN, HOWEVER, TO DETERMINE MORE SPECIFICALLY THE AMOUNT OF MILITARY PROCUREMENT IN THE US PLANNED BY EACH COUNTRY AND THEN MAKE THE ADJUSTMENTS NECESSARY TO ACHIEVE THE \$750 MILLION TOTAL.

(B) ALLIED ASSUMPTION OF SELECTED US FISCAL YEAR 1974 BUDGETARY COSTS. THE FOLLOWING BUDGETARY COSTS WERE SELECTED FROM THE LIST OF COSTS PREVIOUSLY PROVIDED TO THE WORKING GROUP, TO MAKE UP THE REMAINING \$150 MILLION OF THE TOTAL \$900 MILLION ILLUSTRATIVE OBJECTIVE:

--NON-RECURRING CONSTRUCTION COSTS IN VARIOUS NATO COUNTRIES	83.0
--OPERATION AND MAINTENANCE COSTS OF REAL PROPERTY IN NATO EUROPE (EX- CLUDING THE FRG	36.4
--OPERATION AND MAINTENANCE COSTS OF US ARMY MAINTENANCE PLANTS IN THE FRG	29.6
--PAY COSTS OF NON-US PERSONNEL IN PORTUGAL	1.0

WHILE IT WOULD BE UP TO THE ALLIES TO DECIDE HOW THE FUNDING OF THESE PROJECTS SHOULD BE SHARED, ONE METHOD WOULD BE TO APPLY THE NATO INFRASTRUCTURE PERCENTAGE, WHEN FRANCE WAS PART OF THE NATO INTEGRATED MILITARY COMMAND, LESS THE US AND FRG SHARES. SINCE ALL MEMBERS OF THE ALLIANCE BENEFIT FROM US EXPENDITURES REGARDLESS OF WHERE THEY ARE INCURRED IN NATO EUROPE, NO ALLY HAS BEEN EXCLUDED FROM POSSIBLE PARTICIPATION IN THE BUDGETARY SUPPORT ELEMENT OF THIS ILLUSTRATIVE EXAMPLE. ON THIS BASIS--AND ALSO ATTEMPTING AS FAR AS POSSIBLE TO CONFIDENTIAL

PAGE 03 NATO 05794 02 OF 03 011605Z

ALLOCATE SPECIFIC PROJECTS TO THE COUNTRY IN WHICH THE SPENDING OCCURS--AN ILLUSTRATIVE PROGRAM WHICH COULD BE CONSIDERED IS PROVIDED. AS INDICATED, SOME PROJECTS WOULD NOT BE CARRIED OUT IN THE NATIONAL TERRITORY OF THE NATION CONCERNED, AS IS THE CASE IN THE INFRASTRUCTURE PROGRAM.

ILLUSTRATIVE DISTRIBUTION OF \$150 MILLION IN BUDGETARY COSTS

COUNTRY	IN-COUNTRY	OUT-OF COUNTRY	TOTAL
	(I.E., CERTAIN O&M (IN		

COSTS AND NONRECUR- \$MILLION)
 RING CONSTRUCTION
 COSTS IN OTHER NATO
 COUNTRIES)

BELGIUM/LUXEM NONRECURRING US CONSTRUC- 14.6 15.0
 TION COSTS IN BELGIUM/
 LUXEMBOURG (\$4 MILLION)

CANADA 15.0 15.0

DEMNRK 9.0 9.0

FRANCE 36.0 36.0

GREECE O&M COSTS OF USAFE REAL 2.0

PROPERTY IN GREECE

(\$2.0 MILLION)

ITALY O&M COSTS OF USAFE (\$2.65 4.4 18.0

MILLION), USNAVERU(\$3.9

MILLION) AND USAREUR (\$2.55

MILLION) REAL PROPERTY IN

ITALY EQUALS \$9.1 MILLION.

NONRECURRING US CONSTRUCTION

COSTS IN ITALY (\$4.5 MILLION)

NETHERLANDS USAFE COSTS OF PAY OF NON-US 9.0 12.0

PERSONNEL AND PROPERTY MAIN-

TENANCE COSTS AT SOESTERBERG

AIR BASE (\$2.3 MILLION)

NONRECURRING US CONSTRUCTION

IN THE NETHERLANDS (\$0.7 MILLION)

NORWAY NONRECURRING US CONSTRUCTION 8.4 9.0

CONFIDENTIAL

PAGE 04 NATO 05794 02 OF 03 011605Z

IN NORWAY(\$0.7 MILLION)

PORTUGAL COSTS OF PAY OF NON-US PERSONNEL 1.0

IN PORTGUAL (\$1.0 MILLION)

TURKEY O&M COSTS OF USAFE REAL PROPERTY 3.0

IN TURKEY (\$3.0 MILLION)

UK O&M COSTS OF USAREUR 30.0

(\$1.6 MILLION); USNAVEUR

(\$8.4 MILLION) AND USAFE

(\$10.0 MILLION) REAL

PROPERTY IN UK EQUALS

(\$20 MILLION)

NON RECURRING US CONSTRUC-

TION COST IN UK (\$10 MILLION)

TOTAL \$150MILLION

CONFIDENTIAL

PAGE 01 NATO 05794 03 OF 03 300056Z

70

ACTION EUR-25

INFO OCT-01 NEA-10 ISO-00 CIAE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

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INFO ALL NATO CAPITALS 3496

AMEMBASSY ATHENS

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C O N F I D E N T I A L SECTION 3 OF 3 USNATO 5794

THE ILLUSTRATIVE AMOUNTS LISTED ABOVE, OF COURSE, SHOULD BE MODIFIED IN

ACCORDANCE WITH ANY REDUCTIONS IN THE US SHARE OF NATO BUDGETS, INFRA-

STRUCTURE, AND PIPELINE DEFICIT.

THE UNITED STATES HAS PREPARED THESE ILLUSTRATIVE EXAMPLES AS THE BEST METHOD OF RESPONDING TO THE REQUESTS TO ATTEMPT TO BE MORE SPECIFIC. HOWEVER, IN THE HOPE OF AVOIDING ANY CONFUSION, LET ME REPEAT THAT THE US AND THE FRG ARE ENGAGED IN BILATERAL DISCUSSION AND THIS ILLUSTRATION SHOULD NOT BE TAKEN AS PRESUMING A SPECIFIC OUTCOME OF THAT NEGOTIATION.

THE U.S. MUST COMPLY WITH THE JACKSON-NUNN REQUIREMENTS. THE PROPOSALS IN THIS STATEMENT REPRESENT AN ILLUSTRATIVE EXAMPLE OF ONE WAY THAT MIGHT BE ACHIEVED. WE WOULD WELCOME SIMILAR SUGGESTIONS FROM OTHER COUNTRIES WHICH WOULD HELP US MEET THIS OBJECTIVE. IT SHOULD BE NOTED THAT THE PRESIDENT MUST REPORT TO THE U.S. CONGRESS BY MID-FEBRUARY AND AT THREE-CONFIDENTIAL

PAGE 02 NATO 05794 03 OF 03 300056Z

MONTH INTERVALS AFTER THAT DATE, ON THE PROGRESS MADE TOWARD MEETING THE JACKSON-NUNN REQUIREMENTS. IT IS NOT OUR INTENTION TO ENTER INTO BILATERAL NEGOTIATIONS WITH EACH ALLY ON THE AMOUNT OF ITS CONTRIBUTION. THIS IS A QUESTION EACH ALLY MUST DECIDE.

END TEXT

RUMSFELD

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